

DOTD RESPONSE TO FORENSIC AUDIT  
November 25, 2008

In August, 2008, Forensic Accounting Solutions, LLC completed a Forensic Analysis of selected CCCD Operations at the request of the Secretary of the Louisiana Department of Transportation and Development. The forensic summary of recommendations and the response from DOTD are shown below. **It should be noted that no evidence of fraud, theft or misapplication of funds was found during this audit.**

**EXECUTIVE SUMMARY OF RECOMMENDATIONS**

**Professional Service Contracts**

- *DOTD should conduct an extensive review of all significant engineering service contracts containing supplemental amendments to insure compliance with all pertinent state laws, and Department policies and procedures. This review should not be limited to the CCCD Division, but to all DOTD active engineering service contracts.*

**DOTD Response: DOTD concurs with this recommendation. We have reviewed current and past professional services contracts to insure that all contracts comply with all pertinent state laws and with DOTD policies and procedures. This practice will continue with all contracts.**

**CCCD Capital Projects**

- *Assuming that the DOTD General Counsel's Office has concurred with our interpretation of the responsibility and authority of the Crescent City Connection Oversight Authority ("Authority") as stated in RS47:820, DOTD should establish clear policies and procedures for CCCD Management which incorporate the legal requirements for the Authority to establish project priorities for the expenditure of any excess operating funds of the Division.*
- *CCCD's current Capital Project's Fund should be prioritized by the Authority, and funds currently identified with completed projects reassigned to future needs.*

**DOTD Response: Projects authorized under RS47:820 have all been reviewed and prioritized by the Crescent City Connection Oversight Authority.**

**Projects funded by Capital Outlay have been prioritized and submitted for review and enactment by the state legislature.**

**Ferry Staffing**

- *Evaluate maximum capacity staffing levels, with emphasis on Master, Engineer, and Deckhand Toll Collector positions, to determine whether current capacity levels are cost effective. Consider the following:*
  - *Historical absences;*
  - *Overtime considerations; and*
  - *U.S. Coast Guard rules related to work hour restrictions*
- *Evaluate an on-call shift rotation policy, especially for higher paid ferry positions.*
- *Implement rules requiring all marine personnel to find a replacement to cover their shift if they will be absent.*

- *In addition to the weekly Maintenance shift, consider acquiring a maintenance position solely to perform ongoing ferry maintenance. The implementation of such a position could be used to reduce and/or eliminate the need for floaters to provide ferry cleaning and maintenance. Additionally, a dedicated maintenance position could provide maintenance and cleaning services at a lower cost than a Master or Engineer floater.*
- *Evaluate the costs/benefits associated with maintaining a second Night Shift employee at the Chalmette location four days per week.*

**DOTD Response:** CCCD has evaluated staffing levels in the past and will continue to evaluate the levels. The U.S. Coast Guard sets the number of personnel as well as the specific positions required to operate the ferries. DOTD adheres to the Coast Guard rules. The vacancy level for positions in the marine division of CCCD has historically been approximately 15%. Some of the higher level marine positions that require Coast Guard licensing have a higher vacancy, mainly due to the CCCD salaries being less competitive than those offered by private industry. Overtime will be reduced if we are able to fill vacant positions; however, until that time, we will continue to have to place employees on overtime so as to meet the Coast Guard requirements. It is the supervisor's duty to find a replacement for employees that will be absent. Requiring an employee to find their own replacement leads to many employees disclosing their personal issues to other employees and the unpopular employees not being able to take leave for an emergency.

#### **CCCD Personal Costs / Overtime**

- *DOTD should evaluate the total number of hours and dollars currently being expended on overtime costs, and determine whether cost efficiencies could be gained by filling additional positions in order to reduce the number of overtime hours being worked. Initially, you should focus on the positions that accumulate the most overtime hours specifically noted below in our analysis.*

**DOTD Response:** It has been historically difficult to recruit and hire employees at the CCCD due to the nature of the work and the low pay. DOTD has implemented premium pay for positions with high turnover rates. The Human Resource Section of DOTD has also recently conducted a job study and created a retention plan. This plan will be reviewed by management and recommendations implemented as necessary. Once the vacant positions have been filled, overtime will be reduced. CCCD will also consider Open Road Tolling (ORT) which could reduce operational expenditures by approximately \$3 million; however, the cost benefit of ORT, is only realized over a 10 year period

#### **Bridge Toll Collections**

- *DOTD should continue working with the system implementation team to evaluate the options available to invoice for toll bridge violations resulting from toll tag customers with insufficient funds to pay the toll. Currently such violations are not being invoiced. CCCD should ensure that this issue is addressed in upcoming phases of the system implementation project in order to ensure that system limitations do not prevent tolls and associated fees from being collected.*
- *Evaluate options available to further enforce the collection of outstanding violations. CCCD should continue working with the Office of Motor Vehicles to establish the requirements to place a flag on the violator's driver's license for unpaid violations in addition to the flag that is currently placed on a violator's license plate.*

**DOTD Response:** CCCD has installed a new Electronic Toll Collection System, ETC, at the toll booths. This system has been planned for several years and will be fully functional by February, 2009. The customer service portion of this system will be going on line in December, 2008. The new system will provide a mechanism to catch and invoice toll tag owners who have insufficient funds in their toll tag accounts. The new system will also allow customers to purchase toll tags, access their accounts, add funds, and pay violations on the website.

CCCD has been in close contact with the Office of Motor Vehicles to establish a system to flag the violator's driver's license. The OMV does not have the appropriate computer software capable of doing this now. The OMV has told CCCD that they will notify CCCD as soon as they have the software in place.

### **Marine Operations**

- *Evaluate whether cost efficiencies could be gained by developing vendor contract arrangements with key vendors or for key expenditures, such as vendors that provide regular parts or supplies necessary to operate and maintain the ferries, taking into special consideration those budget categories to which the largest annual expenses are being allocated.*
- *DOTD should evaluate all current policies and procedures memorandums to insure relevance to actual operating and regulatory requirements, and consolidate all deemed appropriate into a single Marine Operations Manual.*
- *Once the Marine Operations Manual has been created, employee training sessions should be conducted to ensure that all personnel are aware of the updated policies and procedures, and any other mandatory operating requirements.*

**DOTD Response:** DOTD concurs. CCCD will investigate the possibility of developing vendor contracts. CCCD will work with DOTD HQ procurement section to implement this in the new fiscal year.

CCCD currently has a Marine Operations Manual, a policy and procedures manual, and a training manual. These manuals comply with the U.S. Coast Guard rules and regulations and with DOTD policies and procedures. These manuals will all be consolidated into one manual by July 1, 2009.

CCCD has structured training for all marine personnel. The training records are maintained on the DOTD computer database.

### **CCCD Accounting Section**

- *CCCD Management should consolidate various current policies and procedures memorandums related to the CCCD Accounting Section in order to enhance the clarity of the intended operating requirements. CCCD should ensure that the consolidated manual reflects intended current policies and procedures, and consider projected changes resulting from the ongoing system implementation.*
- *Once the Accounting Section's policy and procedures manual has been created, employee training sessions should be conducted to ensure that all personnel are aware of the updated policies and procedures, and any other mandatory operating requirements.*

**DOTD Response:** DOTD concurs. CCCD will consolidate policies, procedures and training into one manual by July 1, 2009; however, training for the different sections of accounting (procurement, payables, etc.) will remain separate. These employees will have access to only the

**policies and procedures necessary for them to perform their duties. It should be noted that with the new Electronic Toll Collection (ETC) system, policy changes will be implemented. Employees have been trained on the new system and will continue to be evaluated to determine if further training is required.**

*Forensic Accounting Solutions, LLC*  
*Financial Analysts, Business Valuation and Management Consultants*

August 27, 2008

Dr. William D. Ankner  
Secretary, Department of Transportation  
and Development  
PO Box 94245  
Baton Rouge, Louisiana 70804

**RE: Forensic Analysis of selected CCCD Operations**

Dear Dr. Ankner:

We have completed the initial project to assist you in evaluating compliance with various operating policies and procedures of the Department of Transportation and Development's ("DOTD") Crescent City Connection Division (CCCD) related to its Professional Service Contract Management, Capital Project Funds, Division Compensation, Toll Bridge Collections, and Ferry Operations. The following report provides a summary of our procedures, our findings, and our recommendations to enhance CCCD's operating procedures.

The information presented is based on the information provided to us by either DOTD or CCCD personnel. Our procedures were not designed to constitute an audit, review, or compilation of the financial information provided. Accordingly, we do not express an opinion or conclusion nor provide any other form of assurance on the completeness and accuracy of the financial information. This engagement was conducted, however, in accordance with the *Statements on Standards for Consulting Services*, established by the American Institute of Certified Public Accountants.

We appreciate the cooperation and assistance of all DOTD personnel during this engagement. We sincerely appreciate this opportunity to be of service to you. Please do not hesitate to contact us if you have any questions related to this report, or require additional services.

Very truly yours,

Michael A. Daigle, C.P.A.

## **EXECUTIVE SUMMARY OF RECOMMENDATIONS**

### **Professional Service Contracts**

- DOTD should conduct an extensive review of all significant engineering service contracts containing supplemental amendments to insure compliance with all pertinent state laws, and Department policies and procedures. This review should not be limited to the CCCD Division, but to all DOTD active engineering service contracts.

### **CCCD Capital Projects**

- Assuming that the DOTD General Counsel's Office has concurred with our interpretation of the responsibility and authority of the Crescent City Connection Oversight Authority ("Authority") as stated in RS47:820, DOTD should establish clear policies and procedures for CCCD Management which incorporate the legal requirements for the Authority to establish project priorities for the expenditure of any excess operating funds of the Division.
- CCCD's current Capital Project's Fund should be prioritized by the Authority, and funds currently identified with completed projects reassigned to future needs.

### **Ferry Staffing**

- Evaluate maximum capacity staffing levels, with emphasis on Master, Engineer, and Deckhand Toll Collector positions, to determine whether current capacity levels are cost effective. Consider the following:
  - Historical absences;
  - Overtime considerations; and
  - U.S. Coast Guard rules related to work hour restrictions
- Evaluate an on-call shift rotation policy, especially for higher paid ferry positions.
- Implement rules requiring all marine personnel to find a replacement to cover their shift if they will be absent.
- In addition to the weekly Maintenance shift, consider acquiring a maintenance position solely to perform ongoing ferry maintenance. The implementation of such a position could be used to reduce and/or eliminate the need for floaters to provide ferry cleaning and maintenance. Additionally, a dedicated maintenance position could provide maintenance and cleaning services at a lower cost than a Master or Engineer floater.
- Evaluate the costs/benefits associated with maintaining a second Night Shift employee at the Chalmette location four days per week.

### **CCCD Personal Costs / Overtime**

- DOTD should evaluate the total number of hours and dollars currently being expended on overtime costs, and determine whether cost efficiencies could be gained by filling additional positions in order to reduce the number of overtime hours being worked. Initially, you should focus on the positions that accumulate the most overtime hours specifically noted below in our analysis.

### **Bridge Toll Collections**

- DOTD should continue working with the system implementation team to evaluate the options available to invoice for toll bridge violations resulting from toll tag customers with insufficient funds to pay the toll. Currently such violations are not being invoiced. CCCD should ensure that this issue is addressed in upcoming phases of the system implementation project in order to ensure that system limitations do not prevent tolls and associated fees from being collected.
- Evaluate options available to further enforce the collection of outstanding violations. CCCD should continue working with the Office of Motor Vehicles to establish the requirements to place a flag on the violator's driver's license for unpaid violations in addition to the flag that is currently placed on a violator's license plate.

### **Marine Operations**

- Evaluate whether cost efficiencies could be gained by developing vendor contract arrangements with key vendors or for key expenditures, such as vendors that provide regular parts or supplies necessary to operate and maintain the ferries, taking into special consideration those budget categories to which the largest annual expenses are being allocated.
- DOTD should evaluate all current policies and procedures memorandums to insure relevance to actual operating and regulatory requirements, and consolidate all deemed appropriate into a single Marine Operations Manual.
- Once the Marine Operations Manual has been created, employee training sessions should be conducted to ensure that all personnel are aware of the updated policies and procedures, and any other mandatory operating requirements.

### **CCCD Accounting Section**

- CCCD Management should consolidate various current policies and procedures memorandums related to the CCCD Accounting Section in order to enhance the clarity of the intended operating requirements. CCCD should ensure that the consolidated manual reflects intended current policies and procedures, and consider projected changes resulting from the ongoing system implementation.
- Once the Accounting Section's policy and procedures manual has been created, employee training sessions should be conducted to ensure that all personnel are aware of the updated policies and procedures, and any other mandatory operating requirements.

### **SCOPE OF FORENSIC ANALYSIS**

- Professional Service Contracts
- Capital Fund Projects
- Division Compensation
- Bridge Toll Collections
- Ferry Operations

### **SELECTED ANALYSIS PROCEDURES**

- Interviewed appropriate DOTD and CCCD Management and operating personnel, and reviewed documented policies and procedures to gain an understanding of the intended controls in place related to the aforementioned scope areas;
- Interviewed staff of the State of Louisiana Legislative Auditor's Office concerning their financial and compliance audits, and planned future reviews as requested the State Legislature;
- Analyzed CCCD related files within the DOTD Consultant Selection section;
- Obtained the payroll detail for all CCCD employees for 2006, 2007, and the period of January 1, 2008 through June 6, 2008, and analyzed the data to gain an understanding of the pay rates, overtime hours, and overtime costs being incurred by CCCD;
- Analyzed the Bridge toll violations Accounts Receivable Aging Reports for various months in 2007, and 2008, and prepared comparative schedule;
- Observed the toll bridge funds collections process;
- Interviewed the Marine Operations Superintendent and reviewed Marine Operations policies, procedures, and staff schedules to gain an understanding of current and maximum capacity ferry staffing levels and the ferry staff scheduling process;
- Developed a schedule depicting a ferry staffing schedule at maximum capacity and at current capacity in order to determine the number of "floaters" or personnel assigned to a shift who would not be working on an active ferry. Additionally, we evaluated the staffing levels, taking in to consideration the number of "floaters", working at maximum capacity compared to the number at current capacity;
- Obtained the ferry operations Budget Status Reports for FYE 2006 and 2007 and as of May 30, 2008 to develop a schedule analyzing the budgeted and actual amounts for all ferry operations budget categories during the period, and analyzed variances and year-to-year comparisons for reasonableness;
- We also read and analyzed various operating reports, contracts, and pertinent correspondence files related to inquiry areas of interest.



## OBSERVATIONS AND FINDINGS

### Professional Service Contracts and Capital Projects

Specific comments on the analysis conducted relative to these areas of review are included in our previous report to you dated June 6, 2008.

### CCCD Compensation and Hours Worked

We analyzed the payroll detail for all CCCD employees for 2006, 2007, and the period of January 1, 2008 through June 6, 2008 in order to gain an understanding of the pay rates, overtime hours, and overtime costs being incurred by CCCD.

The following schedule details the results of our analysis for 2006:

Job Title	Regular Hours	OT Hours - Straight	OT Hours - 1.5	Total OT Hours	Regular Dollars	OT Dollars - Straight	OT Dollars - 1.5	Total OT Dollars	% of Total OT Hours for All Positions	% of Total OT Dollars for All Positions
Bridge Toll Collector	63718	275.5	5833	6108.5	567,906.12	2,413.51	79,021.51	81,435.02	23.40%	14.33%
Police Officer 2-A	35820.5	82	3487.5	3569.5	584,003.02	1,223.28	84,890.26	86,113.54	13.67%	15.15%
Marine Deckhand	37937	70.5	2486	2556.5	406,118.20	737.90	40,108.92	40,846.82	9.79%	7.19%
Bridge Toll Collector Supervisor	12222.5	59	2113.5	2172.5	144,974.20	713.70	37,304.31	38,018.01	8.32%	6.69%
Marine Master	27299.5	2.5	1607	1609.5	775,594.79	71.06	69,032.02	69,103.08	6.17%	12.16%
Marine Deckhand Toll Collector	17382.5	47	1267.5	1314.5	190,964.72	540.08	21,082.50	21,622.58	5.04%	3.81%
Police Sergeant-A	8276	34	977	1011	161,173.58	660.83	27,902.83	28,563.66	3.87%	5.03%
Marine Engineer	15440	5.5	989.5	995	333,378.40	118.63	32,156.69	32,275.32	3.81%	5.68%
Police Lieutenant-A	12479.5	70.5	892	962.5	281,209.87	1,619.38	30,177.98	31,797.36	3.69%	5.60%
Maintenance Repairer 2	18519.5	75	764	839	261,270.57	1,154.51	17,830.49	18,985.00	3.21%	3.34%
<b>Total for All CCCD Positions:</b>	<b>401022.5</b>	<b>1324.5</b>	<b>24782.5</b>	<b>26107</b>	<b>6,305,068.02</b>	<b>19,194.87</b>	<b>549,072.66</b>	<b>568,267.53</b>		

Based on our analysis, it was noted that of the 53 job positions paid by CCCD during the 2006 calendar year, the ten positions accumulating the highest number of overtime hours noted above accounted for almost 81% of overtime hours incurred and almost 79% of overtime dollars incurred.

**CRESCENT CITY CONNECTION DIVISION**  
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The following schedule details the results of our analysis for 2007:

Job Title	Regular Hours	OT Hours - Straight	OT Hours - 1.5	Total OT Hours	Regular Dollars	OT Dollars - Straight	OT Dollars - 1.5	Total OT Dollars	% of Total OT Hours for All Positions	% of Total OT Dollars for All Positions
Bridge Toll Collector	68046.48	241.41	4764.4	5005.81	704,527.13	2,447.61	75,889.68	78,337.29	16.57%	10.74%
Police Officer 2-A	34801.5	205.5	4010	4215.5	620,182.47	3,689.87	108,920.81	112,610.68	13.96%	15.43%
Marine Deckhand	34085.49	207.38	3842.87	4050.25	404,020.26	2,382.71	68,786.51	71,169.22	13.41%	9.75%
Marine Deckhand Toll Collector	20743.45	92.2	1858.8	1951	233,815.47	990.11	31,892.17	32,882.28	6.46%	4.51%
Master	19215.5	68	1754.5	1822.5	575,067.96	2,057.59	79,582.19	81,639.78	6.03%	11.19%
Engineer	12727	70.38	1293	1363.38	292,962.70	1,655.51	45,872.54	47,528.05	4.51%	6.51%
Bridge Toll Collector Supervisor	8608	135.75	1188.5	1324.25	116,743.52	1,855.87	24,446.90	26,302.77	4.38%	3.61%
Maintenance Repairer Master	2701.5	90	1181	1271	50,859.15	1,709.37	33,319.34	35,028.71	4.21%	4.80%
Maintenance Repairer 2	16414	248.5	914	1162.5	251,338.09	4,019.40	22,036.35	26,055.75	3.85%	3.57%
Mobile Equipment Operator 1	7162.5	171	764.5	935.5	79,062.02	1,954.04	12,578.46	14,532.50	3.10%	1.99%
<b>Total for All CCCD Positions:</b>	<b>364838.74</b>	<b>2516.96</b>	<b>27684.87</b>	<b>30201.83</b>	<b>6,056,544.71</b>	<b>39,274.84</b>	<b>690,306.69</b>	<b>729,581.53</b>		

Based on our analysis, it was noted that of the 53 job positions paid by CCCD during the 2007 calendar year, the ten positions accumulating the highest number of overtime hours noted above accounted for over 76% of overtime hours incurred and over 72% of overtime dollars incurred.

The following schedule details the results of our analysis for the period of January 1, 2008 through June 6, 2008:

Job Title	Regular Hours	OT Hours - Straight	OT Hours - 1.5	Total OT Hours	Regular Dollars	OT Dollars - Straight	OT Dollars - 1.5	Total OT Dollars	% of Total OT Hours for All Positions	% of Total OT Dollars for All Positions
Police Officer 2-A	12797.5	105.05	3651.74	3756.79	247,124.50	2,058.36	105,877.61	107,935.97	18.28%	20.42%
Bridge Toll Collector	32801.5	27.5	2872.75	2900.25	348,356.04	268.91	45,930.32	46,199.23	14.12%	8.74%
Marine Deckhand	16982.25	100	2231.5	2331.5	209,278.43	1,250.31	40,880.97	42,131.28	11.35%	7.97%
Marine Deckhand Toll Collector	11840.25	114.5	1513.75	1628.25	129,164.74	1,221.23	25,054.24	26,275.47	7.92%	4.97%
Marine Master	10464	27.5	1199.25	1226.75	330,470.72	865.69	56,669.93	57,535.62	5.97%	10.88%
Maintenance Repairer Master	1920	66.5	861	927.5	37,728.00	1,305.63	25,460.55	26,766.18	4.51%	5.06%
Marine Engineer	6719.25	29.25	874.25	903.5	169,555.79	745.99	33,132.96	33,878.95	4.40%	6.41%
Police Sergeant-A	3840	16	830.49	846.49	91,904.80	365.84	29,834.44	30,200.28	4.12%	5.71%
Bridge Toll Collector Supervisor	3840	181.25	593	774.25	54,652.80	2,513.91	12,529.13	15,043.04	3.77%	2.85%
Mobile Equipment Operator 1	3834.25	81	572.5	653.5	45,083.98	970.03	10,071.08	11,041.11	3.18%	2.09%
<b>Total for All CCCD Positions:</b>	<b>181353.25</b>	<b>1728.33</b>	<b>18818.04</b>	<b>20546.37</b>	<b>3,183,857.07</b>	<b>36,077.29</b>	<b>492,520.43</b>	<b>528,597.72</b>		

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Based on our analysis, it was noted that of the 53 job positions paid by CCCD during the period of January 1, 2008 through June 6, 2008, the ten positions accumulating the highest number of overtime hours in the above table accounted for almost 78% of overtime hours incurred and over 75% of overtime dollars incurred.

**Recommendation:**

Management should evaluate the total number of hours and dollars currently being expended on overtime costs. Management should determine whether cost efficiencies could be gained by filling additional positions in order to reduce the number of overtime hours being worked, especially amongst the positions that accumulate the most overtime hours as noted in this review.

**Toll Bridge Violations**

Policies and procedures are established and documented to guide the toll violation process. A fee schedule is established which details the tolls and penalty fees that are incurred when a toll bridge violation occurs. A violator can incur up to a maximum fee of the toll amount plus \$65 in penalty fees for a single violation. When a violation occurs, notices are mailed to the address on file associated with the license plate of the violating vehicle informing the violator of the toll and penalty fees that are owed. If the toll and fees are not paid after the fourth notice has been issued, a flag will be placed on the license plate. This flag cannot be cleared until the toll and fees have been paid. If the violator does not agree with the alleged violation, the violator can request a hearing to contest or attempt to reduce the amount of penalty fees owed. Based on our analysis, it appears that there are adequate controls in place to prevent toll violations from being incorrectly (accidentally or intentionally) dismissed.

We analyzed the toll violations Accounts Receivable Aging Reports as of June 30, 2007, January 31, 2008, March 31, 2008, April 30, 2008, and May 30, 2008. The following schedule details the results of our analysis:

As of Date	0 - 180 Days				181 - 365 Days			
	Active		On Hold		Active		On Hold	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
6/30/2007	10,587	\$1,934,858.35	38	\$7,636.50	7,051	\$1,886,793.65	4	\$110.00
1/31/2008	14,314	\$1,570,236.00	64	\$5,247.50	10,062	\$1,867,167.00	10	\$1,853.00
3/31/2008	18,056	\$1,538,517.50	122	\$9,815.50	9,047	\$1,641,992.50	40	\$9,546.50
4/30/2008	18,703	\$1,586,902.00	148	\$11,754.50	9,910	\$1,655,105.00	52	\$11,898.00
5/30/2008	19,664	\$1,524,840.80	183	\$13,315.50	11,489	\$1,788,076.00	50	\$10,565.50

As of Date	Over 365 Days				Total			
	Active		On Hold		Active		On Hold	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
6/30/2007	0	\$0.00	0	\$0.00	17,638	\$3,821,652.00	42	\$7,746.50
1/31/2008	8,154	\$2,048,062.50	0	\$0.00	32,530	\$5,485,465.50	74	\$7,100.50
3/31/2008	11,427	\$2,652,782.00	18	\$5,544.50	38,530	\$5,833,292.00	180	\$24,906.50
4/30/2008	12,102	\$2,762,826.00	24	\$7,598.00	40,715	\$6,004,833.00	224	\$31,250.50
5/30/2008	12,669	\$2,835,249.00	28	\$9,185.50	43,822	\$6,148,165.80	261	\$33,066.50

*Note: 'Active' A/Rs are those amounts that CCCD is currently in the process of pursuing for collection, including those A/Rs for which a flag has been placed on the license plate. 'On Hold' A/R are those in which the violator has made contact with CCCD and is either in the process of appealing the violation, or a payment plan has been set up. 'On Hold' A/Rs do not incur additional penalty fees while in this state.*

Based on our analysis of the toll violations Accounts Receivable Aging Reports, we noted the following:

- The total amount of outstanding Accounts Receivable (A/R) for toll violations has almost doubled in the past year, mainly as a result of older A/R not being collected;
- The total amount of new A/R (less than 180 days) has decreased approximately \$400,000 in the past year.

The current toll violations system is unable to handle violations resulting from toll tag customers with insufficient funds to pay the toll. Currently these violations are not being invoiced and are not included in outstanding A/R. They are being maintained in a suspense account for future processing. The majority of violations are a result of individuals with valid toll tags whose toll tag did not read in error. If such a "violator" contacts CCCD, the penalty fee will be dismissed, and the individual will only be charged for the toll. Based on various factors, it appears that outstanding A/R is not accurate; however, there is no feasible way to determine what the correct amount should be. There are many unknown factors, including human factors, which could potentially affect the true A/R value.

**Recommendation:**

Management should consider the following to enhance the collection efforts related to toll bridge tolls and associated violation fees:

- Continue working with the system implementation team to evaluate the options available to invoice for toll bridge violations resulting from toll tag customers with insufficient funds to pay the toll. Currently such violations are not being invoiced. CCCD should ensure that this issue is addressed in upcoming phases of the system implementation project in order to ensure that system limitations do not prevent tolls and associated fees from being collected; and
- Evaluate options available to further enforce the collection of outstanding violations. CCCD should continue working with the Office of Motor Vehicles to establish the requirements to place a flag on the violator's driver's license for unpaid violations in addition to the flag that is currently placed on a violator's license plate.

**Toll Bridge Collections and Reconciliations**

Policies and procedures are established and documented to guide the toll bridge collections and reconciliation process. All toll booths are constantly monitored by both audio and video monitoring. The video monitoring also captures the Toll Collector's transactions (i.e., number of axles, payment amount, form of payment, etc.) on a real-time basis. When a vehicle passes through a toll booth, the number of axles is captured by a sensor and is used for reconciling the toll funds received by the Toll Collector. All toll collectors are "rated" on a daily basis for accuracy. Any toll collectors not receiving an acceptable rating will be subject to counseling and possible termination. Based on our analysis, it appears that there are adequate controls in place surrounding the collection and reconciliation of Bridge toll funds.

## Ferry Staffing

The United States Coast Guard has established mandatory minimum ferry staffing levels, as follows:

- One – Master
- One – Engineer
- Two – Deckhands
  - Two if the ferry capacity is less than 800 passengers.
  - If capacity is greater than 800, three Deckhands are required.
  - It should be noted that only two of the six ferries operated by CCCD are certified to carry more than 800 passengers.

CCCD has established and documented policies outlining standard ferry shift staffing guidelines, as follows:

- One – Master
- One – Engineer
- Two – Deckhands
- One – Deckhand Toll Collector (DHTC)\*

*\* Deckhand Toll Collectors are trained to perform Deckhand duties and can substitute as such.*

As a best practice, CCCD strives to maintain three Deckhands (two Deckhands and one DHTC) on all ferries due to safety and security concerns. It was noted that CCCD is not currently at full staffing capacity levels for ferry operations. We developed the following schedules which depict a ferry staffing schedule at maximum capacity and at current capacity in order to determine the number of “floaters” or personnel assigned to a shift who would not be working on an active ferry.

Position	Max Capacity	Current Capacity	Variance
Master	11	11	0
Engineer	11	10	1
DH	16	13	3
DHTC	16	11	5
Night DH	5	5	0

Position	Allocation at Maximum Capacity						Allocation at Current Capacity					
	AM Shift (Gretna)	PM Shift (Gretna)	A Shift (Canal & Chal)	B Shift (Canal & Chal)	C Shift (Canal & Chal)	Floater	AM Shift	PM Shift	A Shift	B Shift	C Shift	Floater
Master	1	1	2	2	2	3	1	1	2	2	2	3
Engineer	1	1	2	2	2	3	1	1	2	2	2	2
DH	2	2	4	4	4	0	2	2	3	3	3	0
DHTC	Note 1	Note 1	3	3	3	7	Note 1	Note 1	3	3	3	2
Night DH												

*Note 1 – DHTC's utilize the 'A', 'B', and 'C' shift rotation for all locations in order to provide a watchman on the a.m. and p.m. shifts when the ferry is not in operation.*

Additional personnel are assigned to each shift as “floaters” to fill in for absences and perform cleaning and maintenance on ferries. At full capacity ferry staffing levels, assuming no absences, during any day or afternoon shift there would be a full ferry crew available as floaters, including one Master, one Engineer, and two to three Deckhand Toll Collectors. In addition to the ongoing maintenance performed by floaters, a weekly Maintenance shift is scheduled in order for cleaning and maintenance to be performed on the ferries.

Night shift personnel work a separate schedule from the day and afternoon crews. Night shift personnel are on a schedule that allows for one Night Deckhand to work as a watchman at each of the three locations, seven days a week, and two at the Chalmette location four days per week. There are no night shift “floaters”. CCCD maintains only enough employees in the Night Deckhand position to fill all night shifts. Night shift personnel are required to find a replacement to work their shift if they are absent.

**Recommendation:**

Management should consider the following:

- Evaluate ferry operations maximum capacity staffing levels, especially in regards to Master, Engineer, and Deckhand Toll Collector positions, to determine whether current maximum capacity levels are cost effective. Consider the following:
  - Historical absences;
  - Overtime considerations; and
  - U.S. Coast Guard rules related to work hour restrictions;
- Evaluate an on-call shift rotation policy, especially for higher paid ferry positions;
- Implement rules for all Marine Operations personnel requiring that they find a replacement to cover their shift if they will be absent;
- In addition to the weekly Maintenance shift, consider acquiring a maintenance position solely to perform ongoing ferry maintenance. The implementation of such a position could be used to reduce and/or eliminate the need for floaters to provide ferry cleaning and maintenance. Additionally, a dedicated maintenance position could provide maintenance and cleaning services at a lower cost than a Master or Engineer floater; and
- Evaluate the costs/benefits associated with maintaining a second Night Shift employee at the Chalmette location four days per week.

**Ferry Operations**

The Marine Operations division appears to have established and documented numerous directives, policies, and procedures which direct the collection and reconciliation of ferry tolls. However, it was noted that these various operating directives are not maintained in one central manual, thus increasing the likelihood of non compliance. Based on our overall analysis, it appears that there are adequate controls in place for the collection and reconciliation of ferry tolls.

We analyzed the ferry operations Budget Status Reports for Fiscal Year Ending (FYE) 2006 and 2007 and as of May 30, 2008 and computed variances and year-to-year comparisons for reasonableness. During our analysis, we noted the following:

- The budget categories with the largest annual expenses incurred are:
  - 2770 – Maintenance of Property and Equipment
  - 3170 – Operating Supplies Auto
  - 3420 – Professional Services Engineering
  - 4980 – IAT Insurance
- CCCD uses multiple vendors on an as-needed basis for parts, supplies, and services related to ferry operations; and
- CCCD does not maintain contracts with any vendors, with the exception of janitorial services for the ferry terminals.

**Recommendation:**

Management should consider performing the following:

- Evaluate current policies and consider consolidating current policies and procedures related to Marine Operations into a single manual;
- Ensure that Marine Operations' policies continue to take into consideration regulatory requirements and the most current policies and procedures;
- Once the Marine Operations policies have been updated to reflect the items addressed in this review, Marine Operations should conduct employee training on updated policies to ensure that all personnel are aware of specific policies and procedures to be followed in certain situations; and
- Evaluate whether cost efficiencies could be gained by developing long term vendor contract arrangements for key expenditures, such as vendors that provide regular parts or supplies necessary to operate and maintain the ferries, taking into special consideration those budget categories to which the largest annual expenses are being allocated.

**Accounting Section Policies and Procedures**

Directives, policies, and procedures are established and documented to guide the collection and reconciliation of Bridge tolls. However, it was noted that these various documents are not maintained in one central location. All Bridge toll collections are counted and reconciled by the Accounting Section on a daily basis:

- Monday – Count/reconcile Friday and Saturday
- Tuesday – Count/reconcile Sunday and Monday
- Wednesday – Count/reconcile Tuesday
- Thursday – Count/reconcile Wednesday
- Friday – Count/reconcile Thursday

We also noted that CCCD administrative personnel (including Accounting Section staff) and the Toll Collectors are prohibited from fraternizing during business hours in order to minimize the risk of collusion between the two groups. Based on our analysis, it appears that there are adequate controls in place surrounding the Accounting Section's handling and reconciliation of Bridge tolls.

**Recommendation:**

Management should evaluate its current policies and consider consolidating current policies and procedures related to the Accounting Section in order to enhance policy flow and reduce overlapping of information. CCCD should ensure that policies reflect current policies and procedures and consider changes resulting

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from the ongoing system implementation. Once the Accounting Section's policies have been updated, you should conduct employee training on updated policies to ensure that all personnel are aware of specific policies and procedures to be followed in certain situations.